

**BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF THE APPLICATION  
FOR APPROVAL OF THE ACQUISITION OF  
FARMERS UNION MUTUAL INSURANCE COMPANY,  
NAIC NO. 37613 BY FARMERS UNION MUTUAL  
INSURANCE COMPANY, NAIC NO. 32670**

AID NO. 2017- 093

**ORDER**

A public hearing was held at 1:00 p.m. on December 19, 2017, in the Hearing Room of the Arkansas Insurance Department in accordance with the provisions of Ark. Code Ann. §§ 23-63-501, *et seq.*, and other pertinent provisions of the Arkansas Insurance Code, pursuant to a Statement Regarding the Acquisition of Control of a Domestic Insurer (“Statement”), dated November 6, 2017, filed by Farmers Union Mutual Insurance Company, domiciled in North Dakota (“Applicant”), seeking approval of the acquisition of Farmers Union Mutual Insurance Company, domiciled in Arkansas (“Company”). The hearing was held before Chief Deputy Commissioner Russ Galbraith, (“Hearing Officer”), pursuant to his appointment by Commissioner Allen Kerr in accordance with Ark. Code Ann. § 23-61-103. The Arkansas Insurance Department (“Department”) was represented by Amanda Capps Rose, Associate Counsel, and Brenda Haggard, Manager of Financial Regulation. The Applicant was represented by Mark Anderson, General Manager of the Applicant, and by its General Counsel, Kristi Schlosser Carlson. The Company was represented by its President, Michael Bush.

**FINDINGS OF FACT**

From the Statement, related filings, testimony of witnesses, and other evidence presented at the hearing, including exhibits filed in connection therewith, reports and statements on file with the Department, representations of counsel, and other matters and things considered, the Hearing Officer finds that:

1. The Statement and related filings were filed herein on November 15, 2017.

2. The Company is an Arkansas property and casualty insurance company, NAIC No. 37613, duly licensed and in good standing under the laws of the State of Arkansas.

3. The Applicant, NAIC No. 32670, will acquire control of the Company through an Affiliation Agreement made as of November 1, 2017.

4. All persons attending the hearing were provided the opportunity to present evidence, examine witnesses, and/or offer argument or objection. The Applicant presented evidence and argument through counsel and through the testimony of its representative, Mark Anderson.

5. Mr. Anderson testified that, in his opinion:

- (a) The acquisition is not contrary to law;
- (b) The acquisition will be fair and equitable to the Company and its shareholders;
- (c) The acquisition will not substantially reduce the security of and service to be rendered to the Company's policyholders and the public;
- (d) After the change of control, the Company will be able to satisfy the requirements for the issuance of a license to write the line(s) of business for which it is presently licensed;
- (e) The acquisition will not substantially lessen competition in any line of insurance business in Arkansas or tend to create a monopoly;
- (f) The financial condition of the Applicant will not jeopardize the financial stability of the Company or any corporation controlling the Company or prejudice the interests of its policyholders;
- (g) Any plans, proposals, operations, investment policies, corporate structure and management will be fair and reasonable to the security holders of the Company; and

(h) The competence, experience and integrity of those persons who would control the operation of the Company upon the acquisition are such that it would be in the interest of policyholders and of the public to permit the acquisition.

6. No objections were made at the hearing or otherwise to the proposed acquisition of the Company by the Applicant.

**CONCLUSIONS OF LAW**

7. The parties agree that the Commissioner has jurisdiction of the parties and the subject matter under the provisions of Ark. Code Ann. §§ 23-63-501, *et seq.*, and other pertinent provisions of the Arkansas Insurance Code. The Notice of Hearing was given within the time and in the manner required by law.

8. All filings, hearings and other procedures required by law or otherwise deemed appropriate by the Hearing Officer have been duly completed by the Applicant and the Department.

9. The requirements of Ark. Code Ann. §§ 23-63-501, *et seq.*, regarding the acquisition of the Company have been satisfactorily met, the proposed acquisition will not violate applicable law, none of the conditions specified in Ark. Code Ann. § 23-63-510 as preclusions for the approval of the acquisition exist, and the Department has completed its review of the proposed transaction.

**RECOMMENDATIONS OF THE HEARING OFFICER**

WHEREFORE, based upon the foregoing Findings of Fact, Conclusions of Law, and other matters before the Hearing Officer, the Hearing Officer recommends that the proposed acquisition of control of the Company, Farmers Union Mutual Insurance Company, be approved as provided in the Statement and related filings and as described in this Order.



RUSS GALBRAITH  
CHIEF DEPUTY COMMISSIONER  
and HEARING OFFICER

**CERTIFICATION**

I, Allen Kerr, Insurance Commissioner for the State of Arkansas, do hereby certify that the above Findings of Fact, Conclusions of Law, and Recommendation of the Hearing Officer were made by and under my authority and supervision by Russ Galbraith, Chief Deputy Commissioner and Hearing Officer in this proceeding. I hereby adopt the Hearing Officer's Findings of Fact, Conclusions of Law, and Recommendations in full and enter this order.

THEREFORE, it is hereby ORDERED, based upon the above and foregoing Findings of Fact, Conclusions of Law and other matters stated herein, the Hearing Officer does hereby approve the proposed acquisition of control of Farmers Union Mutual Insurance Company, NAIC No. 37613, pursuant to and subject to the terms and conditions of the Statement and related filings.

**IT IS SO ORDERED** this 21<sup>st</sup> day of December, 2017.

  
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ALLEN KERR  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS